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Given the Journal’s use as a teaching tool, articles most likely to be accepted are those that deal with pragmatic aspects of public sector auditing. These include case studies, ideas on new audit methodologies, or details on audit training programs. Articles that deal primarily with theory would not be appropriate.

The Journal is distributed to INTOSAI members and other interested parties at no cost. It is also available electronically at http://www.intosaijournal.org or http://www.intosai.org and by contacting the Journal at spel@gao.gov.

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I am honored to have been invited to write the editorial for this issue of the *Journal*, which is dedicated to the theme of independence.

I decided to use the opening quote from the Lima Declaration to emphasize the significance of SAI independence. According to the Lima Declaration, independence is a prerequisite for SAI’s performing their tasks; in this sense, it is also a prerequisite for the INTOSAI Professional Standards Committee’s (PSC) work with International Standards of Supreme Audit Institutions (ISSAI) and INTOSAI Guidance on Good Governance (*INTOSAI GOV*). Consequently, as Chairman of the PSC, I am very engaged in the subject of independence. INTOSAI’s strategic plan also emphasizes the importance of SAI independence—the overall objective of goal 1 is “to promote strong, independent and multidisciplinary SAI’s.”

The fundamental importance of independence was further recognized when the 2007 International Congress of Supreme Audit Institutions (INCOSAI) approved the Mexico Declaration on SAI Independence (ISSAI 10). Under the leadership of the Canadian SAI, the PSC Subcommittee on SAI Independence worked out eight principles that flow from the Lima Declaration and decisions made at the XVII
INCOSAI (in Seoul, Korea). These eight principles are considered essential for proper public sector auditing:

1. The existence of an appropriate and effective constitutional/statutory/legal framework and of de facto application provisions of this framework.
2. The independence of SAI heads and members (of collegial institutions), including security of tenure and legal immunity in the normal discharge of their duties.
3. A sufficiently broad mandate and full discretion in the discharge of SAI functions.
4. Unrestricted access to information.
5. The right and obligation to report on the SAI’s work.
6. The freedom to decide the content and timing of audit reports and to publish and disseminate them.
7. The existence of effective follow-up mechanisms on SAI recommendations.
8. Financial and managerial/administrative autonomy and the availability of appropriate human, material, and monetary resources.

Independence, however, is not just a question of SAIs citing ISSAI 10 and ISSAI 11 and declaring themselves independent. The issue of independence is quite different from other SAI requirements in that it is determined by factors external to the SAIs, such as the legal framework established for the SAI’s work. SAIs are established to provide highly credible and impartial auditing of public funds. This requires special guarantees to shield them against improper political influence and ensure that the interests of taxpayers and citizens remain in focus. This means that each individual country has the responsibility to ensure that a framework for its SAI’s independence is in place. However, at the same time, SAIs are under an obligation to call attention to actions that jeopardize their independence. INTOSAI’s current efforts to have the Lima and Mexico Declarations adopted as United Nations resolutions represent an important step toward providing the best possible basis for SAI independence.

Independence is not only a privilege—it also entails obligations and should not be viewed separately from other SAI values, such as transparency, accountability, ethics, and quality. ISSAI 10 should be viewed in connection with the other level 2 ISSAIs—prerequisites for the functioning of SAIs—in the framework of ISSAIs. A main objective under goal 1 of INTOSAI’s strategic plan has, therefore, been to develop principles on SAI transparency and accountability. I am pleased to report that this goal has now been achieved. Under the strong and committed chairmanship of the SAI of France, ISSAI 20—Principles of Transparency and Accountability—has been developed, and INTOSAI members have commented on its nine following principles:

1. SAIs perform their duties under a legal framework that provides for accountability and transparency.
2. SAIs make public their mandates, responsibilities, mission, and strategy.
3. SAIs adopt audit standards, processes, and methods that are objective and transparent.

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1INTOSAI Guidelines and Good Practices Related to SAI Independence
4. SAIs apply high standards of integrity and ethics for staff at all levels.
5. SAIs ensure that these accountability and transparency principles are not compromised when they outsource their activities.
6. SAIs manage their operations economically, efficiently, effectively, and in accordance with laws and regulations and report publicly on these matters.
7. SAIs report publicly on the results of their audits and on their conclusions regarding overall government activities.
8. SAIs communicate promptly and widely on their activities and audit results through the media, Web sites, and other means.
9. SAIs make use of external and independent advice to enhance the quality and credibility of their work.

Further prerequisites for the functioning of SAIs were established by ISSAI 30—Code of Ethics—and especially ISSAI 40—Audit Quality Control, which is currently being developed under the chairmanship of the SAI of New Zealand. All these ISSAIs complement each other in relation to the basic requirements that SAIs must meet to conduct objective and effective audits.

That being said, we should not forget that the real test and importance of independence lies in the conduct of our day-to-day work. I am sure that all SAIs have at some point been under pressure from the media or other parties. During the summer of 2009, the Danish SAI, Rigsrevisionen, was at the receiving end of this pressure when the results of a major audit were published. For the first time in its long history, Rigsrevisionen was accused of “politicizing” its work, and the media attacked our integrity, leading to pressure on our independence.

Despite the massive media pressure and the accusations that were made, I am convinced that Rigsrevisionen’s good reputation has not suffered for two reasons: the thorough audit work that we carry out in accordance with international standards and the fact that the public perceives us as a credible institution that lives up to high standards of transparency, accountability, ethics, and quality control. The lesson to be learned is, therefore, that the documentation and quality of our work and our objectives and values require constant attention and development if we want to be in a position to confidently rely on the quality and correctness of our audits when we find ourselves at the heart of a media storm. In other words, focusing on quality, ethics, and related matters will help us stand up to the pressure from media and politicians that we all face now and then. In situations like these, we have the strongest need for the ISSAIs.

I think that the recent Danish example illustrates quite clearly that independence is not a static condition. It cannot be preserved without transparency, accountability, and high standards of ethics and quality control. We have to nurture independence, take a stand on it, and protect it. After all, SAI independence is the prerequisite for being able to perform our tasks objectively and effectively. In other words, independence is the foundation of our work, and the stronger the foundation, the easier it is to build upon it.
Special Focus on SAI Independence

At INTOSAI’s 58th Governing Board meeting—held in Vienna, Austria, in November 2008— the board decided to globally communicate the “role of SAI independence as embodied by the Lima and Mexico Declarations” as a priority theme of INTOSAI for the year 2009. This issue of the Journal focuses on SAI independence. In addition to this editorial, see the article giving a case study of SAI independence in Israel.

INTOSAI’s statements on independence are found in the following International Standards of Supreme Audit Institutions (ISSAI):

ISSAI 1: The Lima Declaration
ISSAI 10: The Mexico Declaration on SAI Independence
ISSAI 11: Guidelines and Good Practices Related to SAI Independence

Read the full text of these ISSAIs on www.issai.org.
Canada

External Peer Review of Audit Practices

Through external peer reviews conducted by other supreme audit institutions, the Office of the Auditor General (OAG) Canada periodically seeks independent assurance that its quality management system is suitably designed and is operating effectively. These reviews provide assurance that the OAG can produce independent, objective, and supportable information that Parliament can rely on to examine the government’s performance and hold it to account.

At present, the Australian National Audit Office is leading an international review team in conducting an external peer review of OAG Canada. The review will encompass all three main audit practices (performance audits, financial audits, and special examinations), as well as key services that directly support audit operations. Two previous external peer reviews in 1999 and 2003 found that the quality management systems for financial audits and performance audits were designed and operating effectively.

The peer review report is expected in 2010. It will be available on the OAG Canada Web site.

For additional information, please contact OAG Canada:

E-mail: frasers@oag-bvg.gc.ca
Web site: www.oag-bvg.gc.ca

Indonesia

Indonesian Medal of Honor Awarded to President of Netherlands SAI

By order of President Yudhoyono of Indonesia, Saskia J. Stuiveling, President of the Netherlands Court of Audit, was awarded the First Class Medal of Honor (Bintang Jasa Utama) for special services to Indonesia. Ms. Stuiveling received the award from Vice-Minister Wibowo of Foreign Affairs during a working visit to the Indonesian capital, Jakarta, in August 2009.

The Indonesian President conferred the Bintang Jasa Utama (the highest of the three Bintang Jasa medals of honor) on Ms. Stuiveling for her decisive contributions to the Tsunami and Disaster Relief Advisory Group since 2005. This advisory group of SAIs from the Netherlands, Australia, Korea, the United States, Saudi Arabia, Sweden, the United Kingdom, and elsewhere assisted Indonesia following the devastating tsunami of December 2004. Its activities included advising the Audit Board of the Republic of Indonesia (BPK) on the planning and execution of an audit of the use of relief funds provided after the tsunami.

Ms. Stuiveling was the chair of the INTOSAI Tsunami Task Force that investigated accountability for and the audit of aid flows between 2005 and 2008. The task force reported on its findings at the end of 2008. Following this investigation, the Court of Audit also published a national report on Dutch aid to identify lessons learned and improve the transparency, accountability and audit of disaster-related aid.

Ms. Stuiveling was also honored for the assistance the Netherlands Court of Audit gave to help its Indonesian counterpart draw up national financial audit standards and implement a new law on the SAI. The Court of Audit’s pioneering use of geographical information systems to audit the reconstruction of Aceh after the tsunami and the deforestation of Kalimantan was also noted.
Peer Review of Indonesian Audit Board Provides Insight into Risks

On August 20, 2009, Ms. Saskia Stuiveling of the Netherlands Court of Audit presented the findings of the Court’s peer review of the BPK. Representatives of the Indonesian Parliament, the Asian Development Bank, various ministries, the BPK, and the ambassadors of Australia, the Netherlands, Saudi Arabia, and Sweden were present.

During her presentation of the peer review, Ms. Stuiveling highlighted three risks to public administration in Indonesia: the BKP’s limited access to information on the Indonesian tax authority’s income and development projects financed with foreign funds; weak financial management at all levels of the Indonesian government; and persistent fraud and corruption in the country. BPK officials said they endorsed the conclusions of the peer review and would incorporate the recommendations into an action plan. Representatives of the Indonesian Parliament also said they agreed with the conclusions and recommendations.

For additional information, contact the BPK:

E-mail: sekjen@bpk.go.id
Web site: www.bpk.go.id

South Africa

Theme I Principal Paper for XX INCOSAI Available for Comment

The Auditor-General of South Africa (AGSA) is the chair of theme I for the XX INCOSAI, the value and benefits of SAIs. The AGSA finalized and translated the theme I principal paper into all INTOSAI official languages and posted it for comment on the XX INCOSAI Web site on September 15. An online survey is included along with the paper. SAIs will be contacted directly with the relevant web address, username, and password to access the document.

SAI responses to the principal paper, in the form of country papers, will be used to compile a discussion paper on theme 1 for the XX INCOSAI, which the AGSA will host in South Africa in November 2010.

Annual Report Published

The 2008–2009 annual report of the AGSA has been published online on its Web site.

For additional information, contact the AGSA:

E-mail: agsa@agsa.co.za
Web site: www.agsa.co.za

Turkey

New President of the Court of Accounts

In June 2009, the Turkish Parliament elected Recai Akyel, Governor of Tokat Province, as the 34th President of the Turkish Court of Accounts.

Mr. Akyel graduated in 1987 from the Public Administration Department of the Political Sciences Faculty at Ankara University. Shortly afterwards, he began a masters program in the public administration branch of the Social Science Institute of Gazi University. As the Nominee District Governor in Eskişehir, he became a member of the Ministry of Internal Affairs.

Recai Akyel

Mr. Akyel studied in the United Kingdom for a year as part of a foreign language and professional education program. He was governor of a number of provincial districts throughout Turkey. He also travelled to Japan for a month-long program to learn about disaster management. He completed a doctorate in the business studies branch of the Çukurova University Social Studies Institute.

Mr. Akyel has published books about a number of the districts where he was governor. He also published a book entitled Earthquake in Gölyaka about the experience of those living through the earthquakes in August and November 1999.

For additional information, contact the Court of Accounts:

E-mail: lint.relations@sayistay.gov.tr
Web site: www.sayistay.gov.tr
Vietnam

State Audit Office Hosts Meeting of Heads of Three SAIs

In June 2009, the State Audit Office of Vietnam (SAV) hosted a meeting in Hanoi of the heads of the SAIs of Vietnam, Cambodia, and the Lao People’s Democratic Republic. The Vietnamese delegation was headed by Dr. Vuong Dinh Hue, Auditor General; the delegation of the National Audit Authority of the Kingdom of Cambodia was headed by H.E. Seng Ronn, Deputy-Auditor General; and the delegation of the State Audit Organization of the Lao People’s Democratic Republic was headed by H.E. Bouasy Lovanxay, President.

In the meeting, the parties reviewed their cooperative activities and discussed a long-term cooperative mechanism to improve efficiency in government auditing and promote collaboration among people of the three countries. On this basis, the heads of the three SAIs agreed to enhance the implementation of the bilateral agreement they signed, share views within the INTOSAI and ASOSAI framework, promote the exchange of high-level officials and experts among the three SAIs, and enhance opportunities for research on developing audit standards, procedures, and methodologies and implementing joint audits. The heads of the three SAIs agreed to meet annually, with the meetings rotating among the countries, and submit proposals to their respective governments to integrate cooperation activities into their intergovernmental cooperation programs. The next meeting will be held in Phnom Penh, Cambodia, in 2010.

For additional information, contact the SAV:

E-mail: vietnamsai@hn.vnn.vn
Web site: www.kiemtoannn.gov.vn

Representatives of the SAIs of Vietnam, Cambodia, and the Lao People’s Democratic Republic at their meeting in Hanoi.
The Office of the State Comptroller of Israel: A Case Study in Independent Government Auditing

by Shai Mizrahi, Office of the State Comptroller of Israel

The chief aim of the Lima Declaration (1977) is to promote independent government auditing. As the declaration stipulates, an SAI that cannot meet this demand does not come up to standard. SAI independence must be anchored in legislation, but this requires that institutions of legal security function effectively. As the issue of SAI independence continues to be discussed throughout the INTOSAI community, the Israeli SAI—the Office of the State Comptroller—provides a case study in independent state auditing.

The Mexico Declaration on SAI Independence (2007) recognizes eight core principles—based on the Lima Declaration and decisions reached at the XVII INCOSAI held in Seoul, Korea, in 2001—as essential requirements of proper public sector auditing. This article outlines how these principles are exemplified in the legal framework and properties of the State Comptroller of Israel.

The first principle requires the existence of an appropriate and effective constitutional, statutory, or legal framework and of de facto provisions implementing this framework.

In Israel, two laws govern the operations of state audit:

- The Basic Law: The State Comptroller, enacted in 1988, establishes the constitutional basis for the independent position of the state comptroller, stating that in carrying out his or her functions, the state comptroller shall be accountable only to the Israeli parliament (the Knesset) and shall not be dependent upon the government.

- The State Comptroller Law, 1958 (Consolidated Version), as amended over the years, provides a detailed framework for the state comptroller’s governance and activity, ensuring, inter alia, the realization of that independence.

The second principle calls for the independence of the head of the SAI, including security of tenure and legal immunity in the normal discharge of his or her duties. The applicable legislation must specify the conditions for the appointment, removal, and retirement of the SAI head by a process that ensures his or her independence from the executive. Moreover, to enable the head to perform his or her duties without fear of retaliation, the appointment must be for a sufficiently long and fixed term.

According to the Basic Law, the Knesset elects the state comptroller by secret ballot; the comptroller’s term of office is 7 years, and he or she may serve only one term. The Basic Law (complemented by the procedures determined by the State Comptroller Law) adds that the state comptroller cannot be removed from office unless he or she

- is permanently unable to perform his or her duties for health reasons, following a vote ratifying that decision by a majority of the Knesset, or

- has behaved in a manner unbefitting the position of state comptroller—following a vote ratifying that decision by at least three-quarters of the Knesset.
It is worth noting that none of the comptrollers elected to date by the Knesset has had prior political affiliation. The State Comptroller Law prohibits political activity by the comptroller during his or her term of office. In addition, publications made by or on behalf of the state comptroller in the execution of his or her duties are immune from all libel prosecutions.

The third principle calls for a sufficiently broad mandate and full discretion in the discharge of the SAI’s functions. An SAI must be empowered to audit the use of public monies, resources, or assets by a recipient or beneficiary, regardless of its legal nature; the collection of revenues owed to the government or public entities; the legality and regularity of government or public entity accounts; the quality of financial management and reporting; and the economy, efficiency, and effectiveness of government or public entity operations. This principle also stresses the SAI’s freedom from legislative or executive interference in selecting audit issues; planning, programming, conducting, reporting, and following up on audits; and organizing and managing the SAI’s office.

The Israeli SAI meets all these requirements in both the functions and scope of state audit. The state comptroller audits the economy, property, finances, obligations, and administration of the state; government offices; all enterprises, institutions, and corporations of the state; and local authorities and numerous other bodies or institutions subject to state audit by law. The state comptroller also examines the legality, moral integrity, orderly management, efficiency, and effectiveness of the audited bodies and any other matter that he or she deems necessary. Accordingly, even the most clandestine defense establishment entities and the most sensitive aspects of their activities are subject to audit. The far reaching policy changes adopted by the current state comptroller, Judge (Ret.) Micha Lindenstrauss, provide a good example of the comptroller’s fully independent discretion. These changes include a marked expansion of real-time audit, the publication of officials’ names in audit reports, and the investigation of prominent public figures, including the prime minister, for acts of corruption. Judge (Ret.) Lindenstrauss also established a special anti-corruption task force. The state comptroller is thus free to select audit issues and make autonomous decisions concerning the planning, programming, conduct, reporting, and follow-up of audits. The organization and management of the state comptroller’s office, including staff conduct and dismissal, are also under the comptroller’s exclusive authority.

The fourth principle requires unrestricted access to information. The Basic Law itself—which, as emphasized above, is constitutional in nature—stipulates that a body subject to audit by the state comptroller shall provide without delay information, documents, explanations, or any other material that the comptroller deems necessary for the purposes of audit. This obligation is not supported by any sanction, and audited bodies do occasionally fail to cooperate. However, subject to the approval of the State Audit Affairs Committee of the Knesset, the comptroller and any person appointed by him or her shall have the powers of an enquiry commission, which may subpoena witnesses. A witness appearing before the state comptroller within this framework is subject to the restrictions and sanctions prescribed by criminal law. Auditors in the Israeli SAI have also recently gained direct online access to the computers of certain high-ranking officials, including government ministers.
The **fifth principle** establishes the prerogative and obligation to report on the SAI’s work; namely, the SAI should not be prevented from reporting the results of its audit work and should be required by law to make such reports at least once a year.

The Basic Law states that the state comptroller shall submit to the Knesset reports and opinions within the scope of his or her functions and shall publish them in the manner and subject to the restrictions prescribed by the State Comptroller Law. This law stipulates that no later than February 15th each year, the comptroller shall submit a report to the prime minister and the chairman of the State Audit Affairs Committee on the results of the audits of government offices and state institutions carried out during the previous financial year. Within 10 weeks of receiving the report, the prime minister shall present the comptroller with his or her observations concerning each defect and violation detailed in the report and the responses of the audited bodies to the report. Thereafter, the report is tabled in the Knesset.

The **sixth principle** calls for freedom to decide the content and timing of audit reports and to publish and distribute them. The SAI should be free to decide the content of its audit reports and include observations and recommendations. It should also be at liberty to decide on the timing of its audit reports, except where specific requirements are prescribed by law, and to publish and distribute its reports once they have been formally submitted to the appropriate authority.

The State Comptroller Law provides that in the audit report, the comptroller shall summarize his or her activities in the field of audit and specify any violation of moral integrity and any defect or infringement of law or the principles of economy and efficiency as, in his or her opinion, deserve to be included in the report; make recommendations to rectify and prevent the defects; and specify any improvement or outstanding actions that he or she deems worthy of inclusion. Apart from the annual report discussed above, the state comptroller may carry out audits and publish reports on any body or matter within the scope of his or her authority, as he or she deems necessary, and freely decide on the timing of such reports. All the comptroller’s reports are publicized; however, a report or parts thereof may not be submitted to the Knesset and may not be publicized where necessary to safeguard state security or avoid impairing foreign or international trade relations.

The **seventh principle** deals with the existence of effective follow-up mechanisms on the SAI’s recommendations. The SAI should submit its reports to the legislature or one of its commissions for review and follow-up on specific recommendations for corrective action and should also operate its own internal follow-up system.

In Israel, once the audit report has been tabled in the Knesset as detailed above, the State Audit Affairs Committee of the Knesset studies it and submits its conclusions and proposals, including follow-up measures, for the Knesset’s approval. The State Comptroller Law also stipulates that the head of every audited body must appoint a team to rectify the defects disclosed in the audit report. The team is required to discuss ways to rectify the defects, make decisions regarding their rectification, and report to the head of the audited body on its discussions and decisions. The head of the audited body

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1 The comptroller’s reports on other audited bodies are subject to a separate procedure, which also complies with the fifth principle.
must report the decisions to the comptroller, detailing the method and time frame for rectifying the defects. The comptroller may at any time demand reports in addition to those enumerated above and may also set out a framework for reporting the rectification of defects, specifying the details to be included.

The **eighth principle** provides that the SAI should enjoy financial and managerial or administrative autonomy and the availability of appropriate human, material, and monetary resources. Accordingly, the executive should have no control over the access to these resources.

The Basic Law states that the budget of the State Comptroller’s Office shall be determined by the Finance Committee of the Knesset, upon the proposal of the state comptroller, and shall be published together with the state budget. It should be noted that to date the Office of the State Comptroller has enjoyed the full understanding and cooperation of the Knesset regarding its financial needs. The state comptroller manages his or her office’s budget and allocates it as he or she deems appropriate.

In conclusion, the State Comptroller’s Office has almost fully implemented the Lima Declaration principles, as outlined in the Mexico Declaration on SAI Independence. We hope that our experience helps other SAIs facing challenges in strengthening their independence.

For additional information, contact the Office of the State Comptroller at **int_relations@mevaker.gov.il.**
Twelfth PASAI Congress Sets New Directions for Auditing in the Pacific

by Robert Buchanan and Linda L. Weeks, Consultants to the Pacific Regional Audit Initiative


As noted in the October 2008 issue of this Journal, PASAI changed its name last year to reflect the expansion of its membership. This year, in addition to conducting the usual Congress business, the members adopted a new charter and moved forward with their long-term plans to achieve their goal of “transparent, accountable, effective, and efficient use of public sector resources in the Pacific” by helping Pacific SAIs to improve the quality of public sector auditing in the Pacific to “uniformly high standards.” To that end, they approved and began implementing capacity development strategies that will significantly transform both PASAI itself and, over time, its members. They also participated in special sessions on introducing international auditing standards, using electronic auditing tools, and conducting peer reviews.

PASAI’s members include the SAIs of some of the smallest and most remote nations on earth. Many face the challenge of achieving good governance with limited resources. Some are vulnerable to the threats of rising sea levels, environmental degradation, and international corruption. This provided the context for the 12th Congress, held in the vibrant and beautiful Republic of Palau and hosted by its Acting Public Auditor, Satrunino Tewid. Other delegates included the heads of SAIs and audit offices, or their representatives, from American Samoa, Australia (National Audit Office), the Cook Islands, the Federated States of Micronesia (FSM) (the national office and the states of Kosrae, Pohnpei, and Yap), Fiji, Guam, Kiribati, the Marshall Islands, Nauru, New Zealand, Papua New Guinea, the Solomon Islands, Tonga, Tuvalu, and Vanuatu. FSM-State of Kosrae attended for the first time and was admitted as a new member during the first business meeting. Stakeholders and others who attended to support PASAI.
programs included the Asian Development Bank (ADB), the INTOSAI Development Initiative (IDI), the Pacific Financial Technical Assistance Center (PFTAC), the Pacific Islands Forum Secretariat, and the World Bank. Also participating in the discussions and presentations were the consultants and seconded staff working on PASAI’s strategic initiatives and programs.

Throughout the week-long discussions, delegates and stakeholders collaborated on PASAI’s future plans and programs. For several years, members of the Pacific Regional Audit Initiative (PRAI) project team have been working with PASAI members to develop a long-range regional strategy. During the week, the delegates approved two major cooperative auditing program initiatives under the PRAI: the Sub-regional Audit Support (SAS) project and the region’s first cooperative performance audit. The delegates also adopted their new charter and appointed PASAI’s first governing board. To further strengthen their organizational capacity while developing staff professional skills, delegates adopted a 3-year capacity-building program and agreed to serve on various working group or task force activities.

Transforming PASAI’s Governance Structure

The PRAI will transform PASAI from a loosely structured organization, which has been serviced administratively by the New Zealand SAI for many years, into a fully functional entity in its own right. This will require a new and more sophisticated governance structure, a full-time chief executive, and the ability to both engage and fund staff and consultants through a stand-alone secretariat.

The new PASAI charter establishes this framework. It also updates PASAI’s mandate and foundational principles, drawing on the PRAI objectives and recent INTOSAI developments, such as the Mexico Declaration on SAI Independence. Drafted by Robert Buchanan, PASAI’s legal consultant and a former Assistant Auditor-General of New Zealand, the document incorporates the key elements of INTOSAI’s statutes and other regional working groups’ constitutions but is expressed in a unique, plain language style that befits the “Pacific Way”.

Under the charter, PASAI’s new mandate is to

- strengthen understanding, cooperation, and coordination between its members;
- advocate the interests of good governance—including transparency, accountability, and the need for strong and independent SAIs—to governments and others in the Pacific region;
- build and sustain public auditing capacity across the Pacific by sharing knowledge with, and providing support to, its members;
- assist its members in performing their auditing functions, including through cooperative audits and similar activities;

1 http://www.pacificplan.org/tiki-page.php?pageName=The+Pacific+Plan
serve as a regional working group of INTOSAI in the interests of all SAIs in the Pacific and beyond; and

encourage cooperation with other regional working groups and SAIs.

The charter also embodies the four principles of the PRAI, adopted by the 11th congress, which underpin the functioning of PASAI and their interactions with each other:

- The autonomy and independence of each member are to be respected and preserved.
- Taking a regional approach to a common issue does not supplant a member’s individual needs.
- PASAI’s resources are to be made available to all its members, irrespective of their geographical location or constitutional status.
- The appropriate involvement of private sector auditors in public sector auditing, under the auspices of SAI heads, is to be supported and promoted.

Under the charter’s new governance structure, the role of the congress is to endorse PASAI’s strategic direction (as developed by the governing board) and provide guidance to the board on meeting PASAI’s objectives. Day-to-day governance will be the responsibility of the governing board, which is appointed by the congress using a democratic process. Each of the PASAI membership groupings (Melanesia, Micronesia, Polynesia, and Australia/New Zealand) nominates one SAI from among its numbers to serve on the board along with the chairperson (who is the most recent congress host), the immediate past chairperson, the host of the next congress, the secretary-general, and the executive director. The representatives are appointed for 2-year terms, which are staggered to enable a steady turnover of membership and knowledge. There is a power to co-opt the heads of other SAIs for specific purposes.

The governing board is expected to meet twice each year and may hold additional meetings by video or telephone conference as required.

The inaugural representative members of the governing board, appointed at Palau, are the SAI heads of Papua New Guinea (representing Melanesia), FSM (representing Micronesia), Tonga (representing Polynesia), and New Zealand (representing the Australia/New Zealand grouping and also holding the post of Secretary-General). They join the current chair (Palau), the immediate past chair (Cook Islands), and the host of the 2010 congress (Kiribati).

One of the key functions of the governing board is to appoint PASAI’s executive director. This position will have a vital role in implementing the PRAI, being responsible for co-coordinating all PRAI project activity, and developing relationships with governments across the region and with existing and potential donors. The governing board appointed Eroni Vatuloka, a former Auditor-General of Fiji, to this position. He is currently engaged by the ADB as the PRAI Program Coordinator and will formally take up his new role in early 2010.
Another key function of the governing board is taking steps, as needed, to enable PASAI to operate with full legal capacity in the region through either diplomatic recognition by the host government of PASAI’s secretariat or some means of incorporation. On the board’s recommendation, the congress decided to locate the secretariat in Auckland, New Zealand, on an interim basis (at least until 2011); the board will consider options for achieving legal capacity at its next meeting in November 2009.

The Congress also accepted the board’s recommendation to continue the designation of New Zealand’s SAI to hold the post of secretary-general. In the absence of the recently retired SAI head, Kevin Brady, that role was performed at the Palau Congress by Bruce Robertson, Assistant Auditor-General.

**Transforming Public Sector Auditing through Cooperative Audit Opportunities**

Experience in other INTOSAI regions has shown that cooperative audits increase capacity as team members learn from each other, develop better understanding of relevant auditing standards and practices, and practice skills while completing actual audit engagements. Additionally, it is generally recognized that on-the-job training, under the direction of qualified leadership, is the most effective form of professional development. Drawing on this experience, PASAI has launched two regional audits designed to develop expertise while meeting the needs of the SAIs’ clients.

Since 2007, the SAS program has been an integral part of the PRAI. SAS’s goal is to ensure that the SAIs in Kiribati, Nauru, and Tuvalu prepare timely financial audits that achieve a significant impact. Isaako Kine, Tuvalu’s Auditor General, chairs the project, working with Alexander George, the SAS Program Coordinator, and Beulah Danuakamakama, the team’s Audit Expert. This major capacity-building project will assist smaller island nations with clearing outstanding audits while developing auditing tools, providing on-the-job-training for the SAI staff, and in the longer term, contributing to the SAIs’ own auditing capacity. Two members from Kiribati and one each from Nauru and Tuvalu will soon begin working with the Program Coordinator and the Audit Expert on selected entities in Tuvalu. After assessing the first audit, the teams will move on to work in Kiribati and Nauru.

A cooperative performance audit was initially discussed at the 2008 congress; based on decisions taken at this congress, the team members will be identifying staff and beginning their work. The coordinators for this team are Jonathan Keate, from the Office of the Auditor General of New Zealand and a member of INTOSAI’s Working Group on Environmental Auditing; Claire Kelly, a consultant to the ADB; and IDI’s Pritom Phookun. The team will include representatives from the SAIs of the Cook Islands, Fiji, FSM, Guam, Palau, Papua New Guinea, and Tonga. Samoa and the Marshall Islands may also be joining the team. While in Palau, the team agreed on the audit objective—the effectiveness of solid waste management—and established a timeline for its work. The audit team members are having their planning meeting in October and then will begin their fieldwork. They expect to issue individual national reports and a joint report by June 2010.
Transforming SAIs and Their Staffs

Adapting INTOSAI’s capacity-building model and recognizing that development takes place at both the organizational and staff levels, PASAI adopted a 3-year capacity-building plan (2010-2012) addressing three major areas:

- guidelines/manuals supporting standards, practices and methodologies;
- education, training, and certification; and
- quality assurance and peer review.

The plan was developed by Lin Weeks, the PRAI development team’s human resource management (HRM) expert and former Director of International Liaison at the U.S. Government Accountability Office. The plan’s objective is to provide SAIs with relevant, practical, authoritative, guidelines for implementing internationally recognized professional standards, practices, and methodologies. During the congress, delegates indicated the areas in which they were interested in working. At its next meeting, the governing board will establish working groups to develop manuals or guidelines dealing with HRM, financial auditing, performance auditing, quality assurance, and reporting guidelines.

The congress also adopted a generic set of job descriptions and competencies that will be available to SAIs in developing their HRM practices. A number of working groups, to be named by the governing board, will use this material to design and deliver a long-term career training and certification program in conjunction with universities and professional bodies. This will ensure that there is a coordinated, systematic approach to training and professional development across the region. At the same time, other working groups will begin outreach to local universities and professional certification bodies to ensure that university curricula meet the SAIs’ needs as well as the requirements of professional certification bodies.

As the final step in promoting best practices and continuous improvement, PASAI will implement a peer review program by 2012. This will provide audited entities, stakeholders, and citizens with assurance that an SAI is meeting the highest professional standards and contributing to enhancing transparency, accountability, and good governance.

In presenting the 3-year plan, Lin Weeks emphasized that many other INTOSAI regional working groups have already created manuals, developed courses, and begun peer review activities. In the spirit of INTOSAI’s motto, *Mutual Experience Benefits All*, she encouraged PASAI to reach out to the other groups for advice, guidance, and samples when implementing its own program. Noting the PRAI’s emphasis on transformative activities, and citing remarks made earlier by David Walker, the former Comptroller General of the United States, she reminded delegates that “transformation is about creating the future rather than perfecting the past”—but it isn’t easy and it does take time.
Technical Presentations
Aside from the PASAI business sessions and discussions, the congress also included three technical sessions.

Representatives of the Pacific Island Training Initiative of the Washington, D.C.-based Graduate School presented two of the sessions. Jeanne Yamamura presented an overview of international auditing standards—what they are, how they are developed and issued, and how they can be introduced and applied in the public sector. Steve Morgan spoke about peer reviews, giving particular emphasis to their benefits and how they are actually implemented.

Lee Siu Wei, Business Development Manager, CCH TeamMate, delivered the third technical presentation. She demonstrated the benefits of automating the audit process with CCH TeamMate by taking the delegates through a series of examples.

Final Congress Decisions
As the Congress drew to a close, other important decisions were made:

- The delegates endorsed a special note of appreciation to be sent to Kevin Brady, the recently retired Controller and Auditor-General of New Zealand, for his many years of service as PASAI’s Secretary-General.
- The next PASAI congress will be held in Kiribati in 2010, and Tonga will host the 2011 Congress.
- Paul Allsworth, Cook Islands, will continue to represent PASAI on the INTOSAI Governing Board.
- Papua New Guinea will host the next meeting of PASAI’s governing board in November 2009.

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This month, INTOSAI is entering into a memorandum of understanding (MOU) with the donor community that will open channels to fund projects aimed at enhancing the capacity of SAIs in developing countries. We expect this to be of great relevance to the implementation of INTOSAI’s strategic plan.

Consistent with its motto, Mutual Experience Benefits All, capacity building has been a major priority of INTOSAI since its creation in 1953. While all SAIs are engaged in strengthening their organizations through capacity building and continuous learning, INTOSAI has a long tradition of focusing on the needs of emerging and developing countries. Through its regional working groups, goal committees, and other bodies, INTOSAI engages in and supports a number of programs that develop the capacity of member SAIs globally, regionally, and locally.

In our organization, capacity building focuses on institutional strengthening of SAIs and the governmental audit function as part of promoting good governance. Capacity-building projects normally adopt a broad institutional approach tailored to the needs and priorities of partner SAIs. The cooperation can, therefore, include a wide range of activities related to such areas as independence (including the mandate and statutory basis of SAIs); the development of financial, compliance, performance, and IT auditing; internal and external communication; administrative and organizational activities; and the development of information technology. Training in new auditing standards and methodologies can also be part of capacity-building projects.

While many capacity-building efforts are being carried out within the INTOSAI community, work...
to upgrade the skills, competence, and capabilities of INTOSAI members needs to be intensified. Quality improvement in government audit is a huge task where all available forces are needed. The INTOSAI Development Initiative (IDI) works on a multilateral basis in cooperation with the training infrastructure in each of INTOSAI’s seven regions. INTOSAI’s capacity building through the goal committees focuses on implementing the strategic plan and uses a one-on-one approach with member SAIs. That is to say, one SAI assists another SAI in any of the areas concerned with running a public audit organization. This approach is most often described in a partnership agreement. IDI and INTOSAI complement each other’s work and coordinate their efforts.

Capacity building is one of INTOSAI’s four strategic goals. Goal 2 lays down several strategies or activities to build the capabilities and professional capacities of SAIs through training, technical assistance, and other development activities. The INTOSAI Capacity Building Committee (CBC), chaired by the Morocco Court of Audit, has established arrangements and structures comprising the necessary subcommittees to address the strategic plan and its related efforts under this goal. Speaking of Morocco, I don’t believe I previously mentioned here that I participated in the goal 2 Steering Committee meeting in Morocco in October last year. It was my first visit to the country, and it was such a pleasant experience meeting many nice people and experiencing the atmosphere of the country. I remember standing on a rooftop in Rabat at night, surrounded by the glimmering stars above—it was unforgettable. I was sorry that I didn’t have the opportunity to visit Casablanca during that visit. Ever since I saw the classic World War II film Casablanca, I have wanted to visit that place.

CBC’s first subcommittee, tasked with promoting increased capacity-building activities among INTOSAI members and chaired by the United Kingdom’s National Audit Office, developed Building Capacity in Supreme Audit Institutions: A Guide. The guide, published in November 2007, focuses on strengthening professional audit capacity, organizational capacity, and capacity to deal with the external environment. It has been distributed to all INTOSAI members, the donor community, and others. The guide is available in INTOSAI’s official languages and is also being translated into Russian. It provides assistance to those SAIs planning to share expertise with other SAIs in developing skills, knowledge, structures, and ways of working. Furthermore, it outlines how to make an organization effective by building on existing strengths and addressing gaps and weaknesses.

CBC’s second subcommittee, chaired by the Office of the Comptroller General of the Republic of Peru, was established to develop advisory and consultant services, including a database of experts. A Web site has been established (www.contraloria.gob.pe/cbssubcommittee2/index.asp) to host the database of experts together with capacity-building activities, such as opportunities and requests for internships and guidelines for joint audit.

CBC’s third subcommittee, which is chaired by Germany’s Bundesrechnungshof, has been tasked with promoting best practices and quality assurance through voluntary peer reviews.
Recognizing the need for better coordination of international capacity-building projects, INTOSAI has defined a strategy to collect and disseminate information on the capacity-building projects undertaken by SAIs. The Swedish National Audit Office, on behalf of CBC’s first subcommittee, collected information from SAIs and developed a database of capacity-building projects that lists organizations that act as technical partners to SAIs in developing and emerging countries. The directory of capacity-building projects, with appropriate links to the capacity-building guide, is available at www.cbcdirectory.org/default.aspx and its overall aim is to share information from past, current, and prospective capacity-building work to benefit all interested parties and ensure that there is no unintended duplication of effort. The directory is updated every year.

In my opinion, the directory can provide important basic information when either planning or financing new capacity-building activities. Since both INTOSAI and donors share the responsibility for better coordinating capacity-building efforts, the directory can help not only SAIs involved in capacity-building projects but also donors who assess those projects. With the expertise within our organization for building capabilities and professional capacities of SAIs, together with all the good guidance material already developed, I feel confident that we will achieve our goal of promoting strong, independent, and high-quality audit organizations.

The MOU between INTOSAI and the donor community should promote a coordinated approach to strengthening the audit capacity in SAIs. INTOSAI will be able to align the proposed strategies in its draft strategic plan for 2011–2016 with the MOU and it will set the stage for more detailed partnership agreements to be developed later. These agreements will strengthen SAI capacities on national and regional levels and will focus on developing strategic and action plans for SAIs.

In the January issue of the Journal, I will write about the strategic plan in general, after receiving comments from INTOSAI members, and discussions related to strategic planning at the donor task force and Governing Board meetings.

Please feel free to contact me at astrup@rechnungshof.gv.at if you have comments or would like to give feedback on issues related to implementing INTOSAI’s strategic plan.
Sixth Meeting of the Steering Committee of the Professional Standards Committee

From June 17 through 19, 2009, the Brazilian Court of Audit (TCU) hosted the 6th meeting of INTOSAI’s Professional Standards Committee (PSC) Steering Committee in Brasilia, Brazil. The participants were from the SAIs of Denmark (which chairs the PSC), South Africa, Canada, China, the United States, France, Morocco, Mexico, Norway, New Zealand, and Sweden. Observers from the World Bank, the INTOSAI Development Initiative (IDI), the International Federation of Accountants (IFAC), and the Institute of Internal Auditors (IIA) also attended.

In his opening speech, the President of the TCU, Minister Ubiratan Aguiar, highlighted the relevance of the PSC’s work to SAIs in many countries, since INTOSAI’s standards help them deal with increasingly complex demands. He also emphasized the importance of the meeting in Brasilia, whose discussions centered on topics pertaining to the direction the PSC is to take after 2010.

The PSC is responsible for the development, maintenance, and dissemination of INTOSAI’s standards, the International Standards of Supreme Audit Institutions (ISSAI), which are organized in a structure with four hierarchical levels. On June 17, participants discussed a project to review level 3 standards (fundamental auditing principles) to improve the consistency of the ISSAIs. Participants also discussed (1) a new process for developing, modifying, and withdrawing ISSAIs and (2) a pilot project to promulgate the ISSAIs within EUROSAI and, possibly at a later stage, other interested regional INTOSAI groups through an awareness raising seminar.

On the second day, the PSC subcommittees presented their work and the documents they have already developed or are developing. Cooperation with external partners, such
as IFAC and IIA, was also discussed, as were plans to present the most recently developed standards to the INTOSAI congress in 2010. The Steering Committee's next meeting will be held May 5–7, 2010, in Copenhagen, Denmark.

The minutes of the 6th PSC Steering Committee meeting, as well as the PSC's terms of reference, the work plan, and other committee documents, are available on the PSC Web site: http://psc.rigsrevisionen.dk.

Financial Audit Guidelines Subcommittee

By October 31, 2009, INTOSAI's Financial Audit Subcommittee (FAS) will have completed the exposure of 38 International Standards of Supreme Audit Institutions (ISSAI), 28 of which have been exposed since the 2007 INTOSAI congress. FAS would like to take this opportunity to thank all who have contributed their knowledge, experience, thoughts, and ideas during this process.

The ISSAIs consist of a practice note developed by FAS and a corresponding International Standard on Audit (ISA). At the end of 2008, the International Auditing and Assurance Standards Board completed its project to improve the clarity and consistency of the language used in the ISAs. Since then, FAS has reviewed all the practice notes to ensure their consistency with each other and with the clarity version of the ISAs.

The next challenge ahead is translating all practice notes into the official INTOSAI languages. FAS is grateful to the European Court of Auditors for handling the French, German, and Spanish translations. A professional translator has been engaged for the Arabic translation.

The following is the planned schedule for approvals:

- FAS will approve (1) all practice notes for which the consistency has been checked in October 2009 and (2) ISSAIs 1000 and 1003 as well as all translated practice notes in April 2010.
- The INTOSAI Governing Board will approve all practice notes in November 2009 and ISSAIs 1000 and 1003 in November 2010.
- The Steering Committee of the Professional Standards Committee will approve ISSAIs 1000 and 1003 in May 2010.
- The XX INCOSAI will endorse all the final ISSAIs in all official languages in November 2010.

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IDI/AFROSAI-E Management Development Program

Since SAI leadership plays an important role in strengthening SAI capacity, IDI and AFROSAI-E, the regional organization for English-speaking African SAIs, have launched a Management Development Program that will run from 2009 through 2011. In July 2009, a planning meeting was held in South Africa to agree on a strategy and define roles and responsibilities of the different stakeholders. A design meeting was held in August 2009 to prepare for a top management workshop entitled Leading an SAI that is scheduled to take place in October 2009. This program will target three levels of leadership in an SAI—heads of SAIs and senior management, directors and deputies, and team leaders. The program will cover strategic and technical management issues relevant to each level.

IDI/ARABOSAI Workshop on Facilitation Skills

A 1-week Workshop on Facilitation Skills was delivered to 26 participants from ARABOSAI countries in July 2009. The workshop trained the participants in using facilitation techniques to strengthen the capacity of ARABOSAI SAIs in conducting capacity-building initiatives.

IDI/CAROSAI Program on Quality Assurance in Financial Auditing

The IDI-CAROSAI Capacity Building Needs Assessment Survey carried out in 2008 identified the strengthening of SAI quality assurance systems for financial audits as a priority need. In response, IDI and CAROSAI have launched the Program on Quality Assurance (QA) in Financial Auditing.

In June 2009, the course material was prepared and a QA manual was developed to meet CAROSAI’s requirements. In September 2009, quality assurance teams from 13 SAIs in the region took an 8-day workshop in Jamaica. These teams will carry out QA reviews in their SAIs and test the QA manual. The teams will reconvene in December 2009 for peer and expert feedback of their QA reviews. At the end of this program, each participating SAI will have a team trained in conducting QA reviews for financial audits and a QA manual adapted to its environment and in line with international best practices.

IDI/ADB/PASAI Cooperative Performance Audit Program

IDI, the Asian Development Bank (ADB), and PASAI are cooperating to deliver the Cooperative Performance Audit Program in the PASAI region during 2009 and 2010. This program is designed to increase the performance audit capabilities of the participating SAIs through a cooperative performance audit to assess the effectiveness of solid waste management within the audit jurisdictions of the participating audit offices. In October 2009, the teams from the 10 participating SAIs met for a 2-week joint audit planning meeting in Fiji to present the preliminary studies from their respective jurisdictions and develop detailed audit programs suited to their needs. Following this meeting, the teams are expected to carry out the necessary field work and analysis and prepare a draft performance audit report. Later this year, the teams will be invited for a
1-week audit report review meeting to refine their draft reports through peer review and guidance from a performance audit expert. By the end of this program, the participating teams are to present their reports to the heads of their SAIs for approval.

**Contacting IDI**

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<td>October</td>
<td>4-10 XIX OLACEFS General Assembly, Asunción, Paraguay</td>
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<td>November</td>
<td>9-10 PASAI Governing Board meeting, Port Moresby, Papua New Guinea</td>
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<td>December</td>
<td>9-12 ARABOSAI Capacity Building Committee meeting, Kuwait</td>
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<td>15 2nd INTOSAI Task Force Communication Strategy meeting, Cape Town, South Africa</td>
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<td>15-18 59th INTOSAI Governing Board meeting, Cape Town, South Africa</td>
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<td>January</td>
<td>TBD Meeting of Capacity Building Committee Subcommittee 3, Bonn, Germany</td>
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<td>February</td>
<td>15-18 9th Working Group on Environmental Auditing Steering Committee meeting, Tanzania</td>
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<td>16-18 Subcommittee on Internal Control Standards meeting, Moscow, Russia</td>
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<td>April</td>
<td>22-24 19th Meeting of the Working Group on IT Audit, Beijing, China</td>
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<td>May</td>
<td>5-7  Meeting of Professional Standards Committee Steering Committee, Copenhagen, Denmark</td>
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<td>June</td>
<td>TBD 13th Assembly of the Working Group on Environmental Auditing, Beijing, China</td>
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TBD = To be determined

Editor’s Note: This calendar is published in support of INTOSAI’s communications strategy and as a way of helping INTOSAI members plan and coordinate schedules. Included in this regular Journal feature will be INTOSAI-wide events and regionwide events such as congresses, general assemblies, and board meetings. Because of limited space, the many training courses and other professional meetings offered by the regions cannot be included. For additional information, contact the Secretary General of each regional working group.